

VZCZCXRO0377
OO RUEHCN RUEHGH
DE RUEHBJ #0359/01 0411045
ZNY CCCCC ZZH
O 101045Z FEB 10
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8073
INFO RUEHOO/CHINA POSTS COLLECTIVE IMMEDIATE
RUEHBUL/AMEMBASSY KABUL IMMEDIATE 0731
RHMFISS/CDR USPACOM HONOLULU HI IMMEDIATE
RUEKJCS/SECDEF WASHINGTON DC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE
RUEAIIA/CIA WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BEIJING 000359

SIPDIS

E.O. 12958: DECL: 02/10/2030
TAGS: [PREL](#) [PGOV](#) [MASS](#) [ECON](#) [ETRD](#) [CH](#) [TW](#) [IR](#) [AF](#) [KN](#)
SUBJECT: MAINTAINING POSITIVE U.S.-PRC RELATIONS
IMPERATIVE, DESPITE TENSIONS, SAYS PRC SCHOLAR

REF: A. BEIJING 311 AND PREVIOUS
[1](#)B. BEIJING 355

Classified By: POL Minister Counselor Aubrey Carlson. Reasons 1.4 (b) and (d).

[1](#)1. (C) Summary: A Chinese public perception that U.S. China policy under President Obama would be "different" than that of his predecessors and that recent warming in cross-Strait relations made arms sales unnecessary fueled many Chinese' vitriolic response to the latest Taiwan arms sales, according to a scholar from a PLA-affiliated think-tank. Despite the uptick in bilateral disagreements, our contact stated, maintaining stable U.S.-PRC ties is an imperative. Media narratives suggesting new PRC assertiveness on the global stage overstate PRC abilities, despite recent statements from the Foreign Minister that suggest PRC willingness to flex its foreign policy muscle. Formidable challenges facing China's domestic economy and society should keep PRC leadership focused inward, our contact said, limiting the possibility of PRC aggressiveness on the international stage. End summary.

[1](#)2. (C) PLA-affiliated China Foundation for International Strategic Studies (CFISS) scholar Zhang Tuosheng February 9 reiterated to PolOff the standard PRC position on Taiwan arms sales, stating that the PRC considered such sales an interference in its internal affairs and that they violated the April 17, 1982 communique on arms sales to Taiwan. Given consistent U.S. implementation of the Taiwan Relations Act, the PRC did not expect arms sales to cease in the near or mid-term. The PRC general public, however, did not share this perception, Zhang averred.

[1](#)3. (C) Zhang stated that the vociferous response to the latest arms sales announcement stemmed from PRC public disappointment with President Obama's China policy. In addition, given the recent improvements in cross-Strait relations, the general population felt Taiwan arms sales unnecessary. The resultant public outcry put strong pressure on the government, Zhang said, although he did not expect threats of economic sanctions to materialize.

Mil-Mil Always Suffers: Time to Break the Chain

[1](#)4. (C) Lamenting that "military-to-military relations are the victim every time" an arms sales to Taiwan occurred, Zhang argued that "new thinking" was necessary to break the "vicious circle" of arms sales and PRC retaliation. Recalling then-PRC President Jiang Zemin's suggestion in 2002 to then-President George W. Bush to link PLA missile deployment and Taiwan arm sales, Zhang suggested that both sides should reach "tacit agreement" whereby PLA withdrawal of missiles targeting Taiwan would be matched by U.S. reduction in arms sales. This suggestion had provoked little

response during his recent track II discussions in the United States, he noted.

¶15. (C) Zhang said he had noted, too, in these recent discussions that U.S. interlocutors had not pointed to a need for cross-strait "balance of power" in their justifications for the Taiwan arms sales. Instead, they had emphasized that the arms sales helped strengthen Taiwan against possible PRC coercion. Zhang said he saw that as a shift in argument and concluded sales were now "political gestures" rather than strategic security measures. In that context, he reiterated the PRC long-standing request that U.S. sell Blackhawk helicopter spare parts to the PRC, saying such a move would help ameliorate bilateral tensions over the arms sales to Taiwan.

Effects on Regional Cooperation

¶16. (C) Zhang said he believed that PRC cooperation with the United States on regional issues would not be significantly affected by the latest arms sale announcement. He suggested, for example, that PRC efforts toward a nuclear weapons-free Korean peninsula would remain on track because a North Korea with nuclear weapons would be "a disaster" for the PRC. On Iran (see ref B for more on Iran), the latest arms sales might cause the PRC to "respond more slowly" on U.S. and European initiatives to pressure Iran but the PRC would eventually support additional UN sanctions because regional instability concerns took precedence in PRC calculations over any PRC-Iran bilateral damage that might occur as a result of

BEIJING 00000359 002 OF 002

sanctions.

¶17. (C) The PRC would likely offer "no help" on Afghanistan, Zhang said, less because of Taiwan arms sales, but mainly because the PRC remained fearful of provoking Al Qaeda and the Taliban into actively assisting separatists in China's western Xinjiang region in response to high-profile PRC assistance to the United States and ISAF efforts in Afghanistan. That said, he suggested, the latest Taiwan arms sales might temporarily quiet ongoing discussion within leadership and scholarly circles on whether the PRC should increase involvement in Afghanistan.

Good Relations with the U.S. Still the Priority

¶18. (C) While noting the unfortunate timing of the arms sales announcement, a likely Presidential meeting with the Dalai Lama, the Google dispute, and trade frictions, Zhang said CFISS had recently submitted a report to the PRC leadership that included the following key points: 1) Maintaining a stable U.S.-PRC relationship is imperative; 2) Current problems are "old issues" not new, and should not be linked together; 3) The PRC must exercise "risk management" in the bilateral relationship; and 4) The PRC must pursue both "opportunity" and crisis management.

PRC Assertiveness Narrative Overstates Case

¶19. (C) Asked about prominent stories that the PRC had increased its assertiveness in foreign policy, Zhang distinguished between economic, non-traditional and strategic security fields, suggesting that China's relative economic strength in recovering from the global financial crisis had engendered a sense in the PRC leadership that China should have "a big voice" on reforming international financial institutions. The PRC also hoped to play a positive role on non-traditional security issues, such as climate change. While acknowledging greater PLA participation in anti-piracy efforts and UN peacekeeping activities, Zhang pointed out that PRC capacity on security issues remained "limited."

¶10. (C) Zhang suggested that the PRC should not be "too assertive" on foreign policy issues and disagreed with both Western and Chinese media commentary trumpeting the PRC's "stronger position" in the international community. Referencing the goals for a "harmonious society" addressing economic and environmental issues that had been laid out during the 2007 17th Party Congress, Zhang commented that the PRC "has a long way to go." He cited speeches by President Hu Jintao February 3 to the Central Party School and by Vice Premier Li Keqiang January 28 at the World Economic Forum in Davos, Switzerland, that had underscored the imperative of continued economic reform and international cooperation. He explained that "consumption" had traditionally been the weakest of the three pillars of the PRC economy, compared to trade and investment pillars, and that the "Second Reform," as scholars called Hu's economic plan, aimed to address this disparity. Zhang pointed out that "government officials" and State-Owned Enterprise resistance to changing the PRC economic growth paradigm could undermine the success of the economic restructuring.

¶11. (C) Zhang noted FM Yang Jiechi's recent remarks in Europe that said the PRC was both a developing country and a developed country. Zhang commented that while the remarks were accurate, FM Yang should have emphasized that "the PRC is still a developing country." Despite the PRC's economic might, the PRC "should not be proud" of its polluting heavy industries, its growing rich-poor and coast-interior income gaps, the lack of rule of law, and endemic corruption. Faced with these many difficult challenges, he concluded, "China cannot be assertive."

HUNTSMAN